

Minneapolis Community Development Agency

Request for City Council Action

Date: November 10, 2003

To: Council Member Lisa Goodman, Community Development Committee

Prepared by Mark Anderson, Phone 612-673-5289
Senior Contract Management SpecialistApproved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____**Subject: Authorization to allow City Finance Officer or his designee to sign satisfactions or partial releases in connection with Heritage Park Project****Previous Directives:** The City Council has issued a number directives over the course of the past four years to support the development of housing in this location.**Ward:** 5**Neighborhood Group Notification:** Not required**Consistency with *Building a City That Works*:** This project is consistent with Goal 1: Increase the city's economic competitiveness and extend the benefits of the growing economy to all Minneapolis residents; Goal 2: Ensure an array of housing choices exist to meet the needs of our current residents and attract new residents to the city; Goal 3: Support strong and diverse neighborhoods where people choose to live; and Goal 5: Participate in partnerships to achieve common community development objectives.**Comprehensive Plan Compliance:** Phase 1 and 2 of the Heritage Park ownership development is consistent with the current Comprehensive Plan.**Zoning Code Compliance:** Will comply**Impact on MCDA Budget:** (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

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Living Wage / Business Subsidy: Not applicable

Job Linkage: Not applicable

Affirmative Action Compliance: Not applicable

RECOMMENDATION: The Executive Director recommends that the City Council authorize the Finance Officer or his designee to sign any necessary satisfaction or partial release of mortgage documents in connection with the \$2.137 million special assessments repayment lien for the Heritage Part Project.

Background/Supporting Information

The Heritage Park Project is now progressing to the point where street and public utilities improvements are sufficiently complete to allow for housing to be built. Under normal and usual circumstances, the cost of these improvements is levied as special assessments. In this project, however, it has been determined that rather than levy special assessments, Heritage Housing, LLC will instead sign a promissory note and mortgage to secure the value of the improvements. Heritage Housing, LLC will repay the secured funds when the affected 167 individual parcels of land are transferred to builders or homeowners.

Because the mortgagee is the City of Minneapolis, a partial release of mortgage will need to be executed by the City to release portions of the land from the security interest in the mortgage each time a closing occurs and payment is received by the City Finance Department. Although there is no City charter or ordinance governing the execution of mortgage satisfactions, absent City Council delegation to staff, it could be assumed that each mortgage satisfaction would need to be executed by the Mayor, City Clerk, and the Finance Officer.

Staff is recommending that the City Council authorize the Finance Officer or his designee to execute mortgage satisfactions in connection with the \$2.137 million public improvement cost note/mortgage for the Heritage Park Project. Providing this authority will enable the City to accommodate the Developer's flexible development schedule while still maintaining the security and integrity of the City's interest in these funds.